

Updated Bulletin for ALL TSA EMPLOYEES – 1/7/2021

Frequently Asked Questions

Repayment – Old Age, Survivors and Disability Insurance Tax Deferral Collection Plan

Below is an update from a previous bulletin titled, Deferral of Old Age, Survivors and Disability Insurance (OASDI) Tax Deferral Collection Plan, that was released on January 4, 2021.

Previously, employees were informed that in accordance with the Executive Order signed by the President on August 08, 2020, that the OASDI (Social Security) deductions would be deferred due to COVID-19 for eligible employees. The OASDI tax withholdings were temporarily deferred, effective pay periods (PP) 18-25, 2020 and impacted employees whose gross bi-weekly social security wages were less than \$4,000.

Below are answers to Frequently Asked Questions (FAQs) regarding the collection of the deferred taxes that will be taken from wages paid between January 1 through December 19, 2021 (PP 26, 2020 through PP 25, 2021) which is a total of 26 pay periods.

Note: The total amount of the 2020 deferred OASDI withholding will be collected on a prorated basis from pay, divided evenly among these pay periods. The National Finance Center (NFC) has computed the total deferred amount by employee, which constitutes the total amount to be repaid.

Below are the Frequently Asked Questions (FAQs)

DEFERRAL REPAYMENT

Q1: Will I be required to pay back the Social Security taxes that were deferred?

A: Yes. Per IRS guidance, the Social Security taxes deferred from PP 18 to PP 25, 2020, will be collected from your wages between PP 26, 2020, through PP 25, 2021.

Q2: Since this is a tax deferral, when will I have to pay it back?

A: The IRS notice (2020-65) states that taxes deferred must be withheld and paid between January 01, 2021, and December 31, 2021, or interest, penalties, and additions to tax will begin to accrue on January 1, 2022, with respect to any unpaid applicable taxes. As a result, and absent of additional Congressional action, employees with tax deferrals will have their net (take home) pay reduced until all deferred taxes have been paid.

Q3: How much will be collected during each pay period starting PP 26, 2020, through PP 25, 2021?

A: The amount of Social Security taxes deferred in 2020 will be collected in 26 even installments between PP 26, 2020, through PP 25, 2021. As an example, below is a table illustrating the deferral and repayment pay periods for an employee that owes \$800 in deferred OASDI taxes. The additional amount the employee owes each pay period is \$30.77 ($\$800 / 26 = \30.77).

Repayment Period (PP 26, 2020 – PP 25, 2021)

Pay Period	OASDI Current Payment	OASDI Repayment	OASDI Deduction Reflected on SEL	OASDI Repayment Balance
26	\$100	\$30.77	\$130.77	\$769.23
01	\$100	\$30.77	\$130.77	\$738.46
02	\$100	\$30.77	\$130.77	\$707.69
03	\$100	\$30.77	\$130.77	\$676.92
04	\$100	\$30.77	\$130.77	\$646.15
05	\$100	\$30.77	\$130.77	\$615.38
06	\$100	\$30.77	\$130.77	\$584.61
07	\$100	\$30.77	\$130.77	\$553.84
08	\$100	\$30.77	\$130.77	\$523.07
09	\$100	\$30.77	\$130.77	\$492.30
10	\$100	\$30.77	\$130.77	\$461.53
11	\$100	\$30.77	\$130.77	\$430.76
12	\$100	\$30.77	\$130.77	\$399.99
13	\$100	\$30.77	\$130.77	\$369.22
14	\$100	\$30.77	\$130.77	\$338.45
15	\$100	\$30.77	\$130.77	\$307.68
16	\$100	\$30.77	\$130.77	\$276.91
17	\$100	\$30.77	\$130.77	\$246.14
18	\$100	\$30.77	\$130.77	\$215.37
19	\$100	\$30.77	\$130.77	\$184.60
20	\$100	\$30.77	\$130.77	\$153.83
21	\$100	\$30.77	\$130.77	\$123.06
22	\$100	\$30.77	\$130.77	\$92.29
23	\$100	\$30.77	\$130.77	\$61.52
24	\$100	\$30.77	\$130.77	\$30.75
25	\$100	\$30.75	\$130.75	\$0

Q4: Can I pay the total of deferred taxes back in one lump sum?

A: No. There is not a way for employees to elect one lump sum payment. The primary repayment method will be through payroll deduction starting in PP 26, 2020, through PP 25, 2021, for those employees still on the rolls.

Q5: How will an employee know the total amount of 2020 deferred taxes to be collected in 2021?

A: Employees can compute the total owed by adding OASDI wages * 6.2% per pay period (PP18-PP25).

Note: For additional information on how to determine & calculate OASDI taxable wages, click this link [here](#).

Q6: I am retiring, will I be required to pay it back?

A: If you retire in 2021, before the deferred Social Security tax is collected in full, you are still responsible for the remainder of your Social Security tax repayment. A letter will be sent to your address of record via US Mail providing instructions regarding repayment.

TAX IMPLICATIONS

Q1: Does this affect any of my other tax withholdings?

A: No. Pursuant to the Department of Treasury and IRS guidance, the deferral only affects your Social Security tax withholding on wages earned from PP 18, 2020, through PP 25, 2020.

Q2: How will the OASDI Social Security deferred taxes impact my Federal and State income tax liability?

A: There is no change to the formula for computing Federal and State income tax withholding and obligations. Please note: Net pay will increase for those with tax deferrals, but gross wages will not change.

Q3: Does the OASDI Social Security tax deferral impact contributions to my Thrift Savings Plan (TSP) account?

A: No. The OASDI amount collected/deferred does not impact wages used to calculate your TSP contributions. Your TSP contributions will not be affected.

W-2 IMPLICATIONS

Q1: How will this affect my 2020 and 2021 W-2?

A: Your 2020 W-2 will be issued in January 2021. Per IRS guidance, a Form W-2c will be issued once collection of the deferred taxes is complete. **Note:** A Form W-2c may not be required for employee who separated in 2020.

Q2: Will I be required to file a 2020 amended tax return after receiving the Form W-2C?

A: Per IRS guidance, if you had only one employer during 2020 and your Form W-2c for 2020 only shows a correction to box 4 to account for employee Social Security tax that was deferred in 2020 and withheld in 2021 pursuant to IRS Notice 2020-65, no further steps are required.

Note: The IRS has provided additional instruction for employees receiving a W-2c due to the Social Security tax deferral. For additional information, click this link [here](#).

Questions?

Please contact the HCAccess Help Desk by phone at 1–877–872–7990, by fax at 1-877-872-7993, or by email at this [link](#). Live agents are available 7:00 a.m. to 10:00 p.m. Eastern Standard Time (EST) Monday through Friday, excluding Federal holidays, with additional hours for recruitment calls only from 11:00 a.m. to 3:00 p.m. EST Saturday and 12:00 p.m. to 4:00 p.m. EST Sunday. Visit our website at this [link](#), and check out HCAccess online at this [link](#).